

Message Text

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ACTION EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-05 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 SWF-01 EUR-12 /101 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC 9793

INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE GENEVA 7620

E.O. 11652: N/A

TAGS: GATT ETRD JA

SUBJECT: US-JAPANESE CONSULTATIONS ON BALL BEARINGS

REF: (A) STATE 276400

(B) STATE 278241

(C) GENEVA 837, FEBURARY 23, 1973

1. DURING DECEMBER 20 DISCUSSION WITH WADA AND MITI OFFICIAL (NOGAMI), WE AGREED BOTH COUNTRIES WOULD NOTIFY GATT SECRETARIAT OF EXTENSION ARTICLE XIX:3(A) TIME LIMIT SO NINETY-DAY PERIOD BEGINS TO RUN FROM 30 JUNE, 1975. LETTER HAS BEEN SENT.

2. JAPANESE WISH "TREAT (SKI BOOT) QUESTION IN CONTEXT OF CONSULTATIONS ON U.S. ARTICLE XIX ACTION ON CERAMIC TABLEWARE AND BALL BEARINGS". WE SAID WE WOULD REPORT SUGGESTION TO WASHINGTON AND REQUEST REACTION. IN DISCUSSION JAPANESE MADE IT CLEAR THEY NOT THINKING OF A SETTLEMENT THAT WOULD CANCEL THEIR TOTAL CLAIMS ON CERAMIC TABLEWARE AND BALL LIMITED OFFICIAL USE

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BEARINGS AGAINST OUR CLAIM ON SKI BOOTS. THEY FELT THAT

THEIR CLAIMS WELL OUTWEIGH OURS, AND THAT EVEN AFTER OUR CLAIMS SATISFIED WE WOULD OWE THEM SUBSTANTIAL DEBT. WE NOTED OTHERS FACTORS CITED REFTEL (B) (TEMPORARY VERSUS PERMANENT AND RAPID GROWTH OUR EXPORTS) BUT DID NOT ENTER INTO SUBSTANTIVE DEBATE ON POINT.

3. JAPANESE PRODUCED NO SPECIFIC TRADE DEBATE, ONLY INDICATED TOTAL COVERAGE OF THEIR CLAIM ON BEARINGS AND TABLEWARE MIGHT BE IN EXCESS OF \$70 MILLION. WHEN BROUGHT UP NEED TO RECONCILE DIFFERENCES BETWEEN TEMPORARY ARTICLE XIX ACTIONS AND PERMANENT ARTICLE XXVIII INCREASES. WADA SAID HE FELT TOKYO CONSIDERS ARTICLE XIX ACTIONS AS PERMANENT, SINCE THEY SELDOM END. HE RECALLED THAT 1971 U.S.-JAPANESE SETTLEMENT ON FLATWARE INCLUDED BOTH. WADA ALSO SAID ARTICLE XXVIII ACTION ON SKI BOOTS MIGHT PROVE TO BE TEMPORARY AND EXPLAINED PROGRAM OF ADJUSTMENT FOR INDUSTRY, BUT HE WAS CLEAR THAT FULL UNBINDING OF 10 PCT PLASTIC SKI BOOT DUTY IS INTENDED. ALTHOUGH DUTY TO BE INCREASED TO HARMONIZE WITH CURRENT 27 PCT RATE ON LEATHER SKI BOOTS, NO REBINDING EVEN AT THAT RATE IS BEING OFFERED. WE SAID U.S. VIEW IS THAT ARTICLE XIX ACTIONS ARE TEMPORARY WHILE ARTICLE XXVIII MEASURES ARE RENEGOTIATION OF EXISTING BALANCE OF CONCESSIONS AND ADDED WE WOULD STUDY FLATWARE SETTLEMENT AT TIME OF CONSULTATIONS.

4. WE REGRETTED THAT WASHINGTON ACTIVITY ON TRADE BILL CAUSED DELAY IN CONSULTATIONS BUT NOTED WE HAD GOTTEN NO JAPANESE RESPONSE TO OUR SUGGESTION TO CONSULT AFTER CP SESSION (GENEVA 6090). WE SAID WE PREPARED HOLD FULL CONSULTATIONS IN EARLY 1975. WADA SAID JAPANESE PREFERRED FIRST NEGOTIATE ON SKI BOOTS WITH EC (WHICH IS PRINCIPAL SUPPLIER AND HAS INR) AND WOULD PREFER SETTLE COMBINED PACKAGE WITH U.S. LATER. THEY WISH SETTLE EITH EC IN TIME TO SUBMIT SKI BOOT TARIFF INCREASE TO DIET IN FEBRUARY 1975, SO APRIL 1, 1975 SCHEDULE FOR ACTUAL INCREASE COULD BE MAINTAINED. WADA SAID U.S. SHOULD NOT RUSH SKI BOOT SETTLEMENT IN VIEW OUR OWN DELAYS ON ARTICLE XIX CERAMIC TABLEWARE COMPENSATION.

5. WE AND JAPANESE NOTED TIME WILL EVENTUALLY COME TO LIMITED OFFICIAL USE

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INFORM CPS OF COMBINED METHOD OF HANDLING SETTLEMENT, PERHAPS VIA SIMPLE NOTIFICATION TO GATT COUNCIL.

6. ACTION REQUIRED: WE WILL NEED GIVE JAPANESE OUR VIEWS ON JAPANESE PROPOSAL TO ADD CERMANIC TABLEWARE TO THE SAME SETTLEMENT. ABRAMS

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